

**A Study on the Status of Rural Distribution System: Traditional vs.
Alternative Rural Distribution Model**

A Dissertation

by

Abuzar Muhammad Ashrafur Rahman

05262006

Submitted to the Development Studies Program, BRAC University

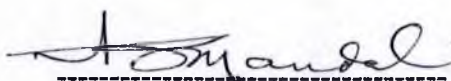
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Of course, despite all the assistance provided by all, I alone remain responsible for the content of the dissertation, including any errors or omissions, which may unwittingly remain.

Abuzar Muhammad Ashrafur Rahman

Contents	Page No
1.Introduction:	1
1.2 Research Questions:	4
1.3 Objective of the Study:	4
1.4 Rationale of the Study:	4
2. Literature Review:	5
2.1 Poverty Penalty:	5
2.2 Distribution System:	6
2.3 Product distribution system in Bangladesh:	7
2.4 Distribution Model:	8
2.4.1 Distribution Model 1	8
2.4.2 Transportation:	9
2.4.3 Coverage:	9
2.5 Distribution Model 2:	10
2.5.1 Transportation:	10
2.5.2 Coverage:	11
2.6 Traditional Distribution Scenario of Rural Bangladesh:	11
2.7 Alternative Rural Distribution Model:	14
2.8 Mechanism of Rural Distribution System: (Case: Project SHIKHA)	15
2.9 "4 A" of Rural Marketing	17
3.0 Research Methodology:	18
3.1 Data Collection	18
3.2 Study Location and Participants	18
3.3 Sample Size:	18
3.3 a. Household Usage Audit:	18
3.3 b. Retail Outlet Survey:	19
3.4 Data Analysis	20
3.5 Analytical techniques	21
3.6 Limitations of the study	21
4.0 Key Findings	22
4.1 (Household Usage Audit):	22
4.1.2 Usage of Branded Products before the Projects	23
4.1.3 Seasonal Variation in consumption level:	26
4.2 Key Findings (Retail Outlet Survey- Intervened Villages):	27
4.2.1 The outlet:	27
4.2.2 Frequency of purchase:	27
4.2.3 Availability of credits:	27
4.2.4 Source/place of purchasing stock:	28
4.2.5 Coverage Status:	28
4.2.6 Sales per month (Amount in TK)- Before/After	28
4.2.7 Profit Per Month (Amount in TK)- Before/After	28

4.2.8 Business Month:	29
4.2.9 Time Spent for purchasing stock:	29
4.3 Key Findings (Retail Outlet Survey- Controlled Villages):	31
4.3.1 The outlet:	31
4.3.2 Who buys from the outlet:	31
4.3.4 Frequency of purchase:	31
4.3.5 Availability of credits:	32
4.3.6 Source/place of purchasing stock:	32
4.3.7 Coverage Status:	32
4.3.8 Sales per month (Amount in TK)- Before/After	33
4.3.9 Business Month:	33
4.3.10 Time Spent for purchasing stock:	33
5. Discussion:	34
5.1 Uses of Branded Products:	34
5.2 Types of Outlets:	35
5.3 Types of Buyer:	36
5.4 Asking pattern of the rural consumer:	36
5.5 Purchase frequency of the retailers:	37
5.6 Sources of purchases of products by the retailers:	37
5.7 Average Monthly Income:	39
5.8 Average sales per month:	40
5.9 Average Time Spent by the Retailers:	41
Conclusion:	42
Case Study	43
Reference	45
Annexure	46

Lists of Charts and graphs

Charts, Tables and Graphs

Distribution Model 1

Distribution Model 2

Traditional Distribution Model

Alternative Rural Distribution Model

Project SHIKHA: Organogram

Map: Data Collection Area

Table: Lists of Villages

Chart 1: Profession of Chief Wage Earner

Chart: 2 Household Expenditure

Chart 3: Usage of Branded product before the Project

Chart 4: Consumer's Satisfaction Level

Chart 5: Average usage of Product

Frequency Tables:

Page No

8

10

13

14

15

19

20

22

23

23

24

25

Frequency of purchase:	27
Availability of credits:	27
Source/place of purchasing stock:	28
Coverage Status:	28
Sales per month (Amount in TK)- Before/After	28
Profit Per Month (Amount in TK)- Before/After	29
Business Month:	29
Time Spent for purchasing stock:	29
Product Price under the Alternative Rural Distribution System	30
Table 10: Source/ Place of Purchase	39
Retail Outlet Survey- Controlled Villages	
The outlet:	31
Who buys from the outlet:	31
Frequency of purchase:	31
Availability of credits:	32
Source/place of purchasing stock:	33
Coverage Status:	33
Sales per month (Amount in TK)- Before/After	33
Business Month:	34
Time Spent for purchasing stock:	34
Graph: 1 Uses of Branded products by the consumer	35
Graph : 2 Types of Outlet	36
Graph:3 Types of Buyer	37
Graph: 4 Purchase frequency of the retailers	39
Average Monthly Income:	39
Average sales per month:	40
Average Time Spent by the Retailers:	41

Executive Summary

Most marketers realize that Bangladesh is on the change, economy is vibrant, incomes are rising; and the habits, preferences and attitudes are changing rapidly. There is, thus, an emerging need to build expertise in rural marketing. There are three challenges that a rural marketer must overcome. First is the challenge of reach – markets are small and scattered, second is the awareness of brand and the third one is influence. Across product categories, rural penetration and awareness remain low. The need is not just to reach or communicate but to actually influence consumption and buying behavior. There have been many innovative projects which have been attempted to address these challenges, like Joyeeta of Interspeed advertising which is directly backed by Unilever Bangladesh, Project Aparajita of CARE Bangladesh, WEB – BATA of Women Entrepreneurs of Bangladesh, and Project SHIKHA of Consumer Connect Communication Ltd. These initiatives leverage micro enterprises for women making them Direct to home distributors. The women entrepreneurs directly interact with the consumers not just selling or distributing a product, but educating consumers on the brand benefits and why they should use a particular brand. This process called alternative rural distribution system.

This study revealed important insights on both the traditional and alternative rural distribution system and the impacts of alternative rural distribution system on rural people. Basically alternative rural distribution system is operating in such area where traditional distribution does not operate. Rural people are getting more benefitted under the alternative distribution system than under the previous traditional distribution system and rural women are empowered and generating income from the trade.

The study focused on finding out the strengths, weaknesses and effectiveness of the alternative rural distribution system and the traditional distribution system in rural Bangladesh. In order to assess the effectiveness of these two systems households and retail outlets were interviewed. The general assumption was that the alternative rural distribution systems change the habit of rural people and their buying pattern, and compare the effectiveness of the systems by the retailers. For this purpose structured questionnaires were used to explore the insights of rural people. FGDs were conducted to get essence of the reality.

1. Introduction:

Over the last couple of decades, Bangladesh economy witnessed remarkable economic growth largely due to sustained expansion of its rural economy. During the 1990s both the crop and non-crop sub-sectors within agriculture have experienced faster growth, contributing directly to the rise of rural employment and income. Rural Non Farm sector has emerged with tremendous pace over the last couple of years and the rural trade is boosting up day by day. Arable land has decreased and agriculture has land at about 1 percent per annum. Average farm size declined from 0.81 hectare to 0.61 hectare. Number of small farms increased by 2.8 per cent while medium and large farms decreased by 3.3 per cent annually. Interestingly, though the average farm size decreased significantly during the period, average homestead land increased from 0.08 acre to 0.09 acre. It increased the incentives for home based production system in crop and non-crop sector and created opportunity for other non-farm activities. (Mandal 2004) Rural Non-Farm (RNF) sector encompasses all non-crop activities in rural, semi-urban and peri-urban areas. They have two dimensions – (a) Farm-oriented non-farm activities linked to crop and non-crop enterprises. (b) Other activities: trade, shop-keeping, construction, manufacturing, transport, retail work, etc. (Mandal 2004) Employment in rural areas has risen significantly with the growth in rural technologies. As agricultural output grows, road networks intensify and rural electrification expands, the rural non-farm sector is set to be a prime mover of rural development through its backward and forward linkage effects. (Mandal 2002)

Now a days especially rural women are coming up enthusiastically in rural trade. They work in fields and they are engaged in RNF – activities i.e. rural trade. They roam and sell product house to house and generate income for their Livelihoods. They also help their family through financial contribution as well as psychological support. Hence national and multinationals companies are using this large workforce in rural Bangladesh to penetrate into the deeper market where profit comes from the power of bottom of the pyramid and help rural women to empower themselves.

Penetrating deeper into rural markets in an economically profitable and sustainable way remains a daunting managerial challenge for enterprises of all sizes, be they urban-based

MNCs that span the globe or local small farmers and rural SMEs. As a result, deep rural areas, particularly the “last mile”¹, are largely left out of the current distribution systems mainly because of reduced access and the lack of innovative distribution models and partnerships. This results in comparatively higher consumer prices for rural consumers paying a “poverty penalty”², the proliferation of low-quality or fake products, etc., that adversely affect productivity and quality of life.

The “last mile” is the final leg of delivery for goods and services, the ultimate link between producer and end consumer after all channel intermediaries have played their part. The “last mile” problem for the marketing and physical distribution of consumable and durable goods is the timely and cost-effective supply of relatively small amounts of product to a very large number of physically dispersed end-points. The challenge is to maintain margins and efficiencies of scale (installation overhead, cost of contact and sales, etc.) with lower average sales volume and a smaller consumer base supporting each distribution point.

It is believed that distribution access to the rural markets is very difficult and therefore represents a major impediment for the participation of large firms and MNCs. The rural poor represent a different problem. Access to distribution in rural markets continues to be problematic. Reach of electronic media in the rural areas is increasing day by day. The rural audience is viewing the television commercials and listening to radio jingles every day and leading to want the advertised products. With the introduction of low priced small SKU (Stock Keeping Units), the want has transformed into demand. The rural people just need a regular supply of these products. But through the traditional distribution model of FMCG manufacturer it cannot serve because the cost is higher than the return on investment. Hence traditionally MNCs and other Nationalized FMCG manufacturers do not consider the rural market, though the rural consumer’s incomes are dispersed but huge in totality. FMCG manufacturer always consider their optimum uses of production i.e. economies of scale. In Bangladesh also it is seen that, capital machinery is also import with a calculation of urban market but not rural market. Manufacturer reaches their optimum production i.e. economies

¹ Deep Rural areas; where the traditional distributors cannot reach.

² phenomenon that poor people tend to pay more to eat, buy, and borrow than the rich.

of scale keeping in view only the urban market, though there is a demand in rural market which is not considered. For this, rural consumers are deprived of manufactured goods. If the manufacturer serves them then it will boost the company's income and economy as well. In other words the distribution model and the system are not organized to serve the rural people. Thus rural consumers are paying extra amount over the MRP (Marked Retail Price), health hazard due to fake products because of lack of proper distribution system. Hence alternative rural distribution model has emerged and it serves the rural market. Alternative rural distribution system is working for rural consumers who are left out from the previous distribution model. Rural distribution systems emerged with a view to serving the rural consumer and also to ensure the products available at their doorsteps. Rural Distribution system ensures quality products at affordable prices; employment opportunities for rural youth especially women and reduce the poverty penalty.

In essence alternative rural distribution system is a unique system which comprises three important partners - FMCG manufacturer, Private Entrepreneur, and the Rural Women (Entrepreneur). With the view of rural consumer benefit several projects are operating in different regions of the country. Joyeeta of Interspeed advertising which is directly backed by Unilever Bangladesh, Project Aparajita of CARE Bangladesh, WEB – BATA of Women Entrepreneurs of Bangladesh, and Project SHIKHA of Consumer Connect Communication Ltd. are some of the examples.

Recognizing the importance of the availability of products to the rural consumer for minimizing the poverty penalty, the main objective of this study is to analyze the status of alternative rural distribution system to minimize poverty penalty.

1.2 Research Questions:

Some of the relevant research questions include:

- I. How rural retailers influence the rural consumers?
- II. Can alternative rural distribution system reduce the poverty penalty?
- III. What are the strengths and weaknesses of traditional and alternative rural distribution system?

1.3 Objective of the Study:

The main objective of the study is to analyze the rural consumer's benefit by the alternative rural distribution system. This study would try to investigate the effectiveness, weaknesses and strengths of the alternative rural distribution system and benefits accruing to the rural consumers as well as customers.

1.4 Rationale of the Study:

Due to lack of proper distribution system (traditional), rural consumers are forced to pay extra amount over the MRP; hence the new distribution channel has emerged to serve smoothly i.e. distributions and availability of the products to the rural consumers and small retailers. The important issue is that whether the rural consumers benefited or not? The main purpose of the alternative distribution system is to protect the consumer's right. It is therefore extremely important to know whether this alternative rural distribution system serves the rural consumers at a right price or not? Whether through this alternative distribution system consumers are penalized or not? Based on the outcomes of the study the rural distribution system could be modified (if necessary) so that they are not only better able to cater to the needs of the consumers but can substantially influence the behavior of the total system.

2. Literature Review:

2.1 Poverty Penalty:

The poverty penalty describes the phenomenon that poor people tend to pay more to eat, buy, and borrow than the rich. The term became widely known through a 2005 book by C. K. Prahalad, "The Fortune at the Bottom of the Pyramid."

An earlier exploration of this was a 1960's sociology study published as *The Poor Pay More* which examined the ways in which retail patterns and a lack of consumer options allowed marginal retailers such as door-to-door salesmen, "easy credit" storefronts and the sale of installment credit agreements to extract profits from low-income buyers, with fewer options and less sophisticated consumer habits.

The poverty penalty is the result of local monopolies, inadequate access, poor distribution, and strong traditional intermediaries (Prahalad 2005).

For example, a cubic metre of clean water costs \$1.12 (59p) in Dharavi, but only \$0.03 at Warden Road, a posh area of Mumbai. Diarrhoea medication costs \$20 in Dharavi, ten times what it costs at Warden Road (Prahalad 2005).

In *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*, Prahalad (2005) calls this situation the "poverty penalty".

Relating to the consumer goods manufacturer, there were no initiatives to reduce the poverty penalty. In traditional distribution system rural consumers were largely left out because they have not significant purchasing power and cannot create demand. Though rural people are dispersed and their disposable income is small in quantity, there is a huge latent demand and huge in quantity. If this demand can serve effectively then it would be the highest ever sector in Bangladesh, because more than 75% population live in rural villages and towns. Thus the rural distribution model has emerged to mitigate the penalty of a poor. In Dharavi, a cubic metre of clean water costs \$1.12 (59p), on the other hand in Mumbai it was only \$0.03, similarly rural consumers pay more because there is no organized distribution channel to serve the rural small retail outlets, hence rural consumer pay more to small retailers because retailers get their products from thana/union sadar, this is the system in which they (retailers) involve their valuable time and carrying cost, thus retailers imposed extra amount to the consumer for giving them

service to make the products available. For example, the MRP of soap is Tk. 14, but the retailer charges it to sell it at Tk. 15, because to bring this soap from feeder market involves cost. But the cost is not borne by the retailers; the cost is transferred to the consumer.

Worldwide, the cost of reach per consumer can vary across countries. A wide variety of experiments are underway in this market to find efficient methods of distributing goods and services. One such experiment, Project SHAKTI at Hindustan Lever Ltd. (HLL) in India, is a case in point. HLL created a direct distribution network in hard to reach locales (markets without distribution coverage through traditional distributors and dealers), HLL selected entrepreneurial women from these villages and trained them to become distributors, providing education, and access to products to their villages. (Prahalad 2005)

2.2 Distribution System:

Distribution is one of the four aspects of marketing. A distributor is the middleman between the manufacturer and retailer. After a product is manufactured it is typically shipped (and usually sold) to a distributor. The distributor then sells the product to retailers or customers.

Traditionally, distribution has been seen as dealing with logistics: how to get the product or service to the customer. It must answer questions such as:

- Should the product be sold through a retailer?
- Should the product be distributed through wholesale?
- Should multi-level marketing channels be used?
- How long should the channel be (how many members)?
- Where should the product or service be available?
- When should the product or service be available?
- Should distribution be exclusive, selective or intensive?
- Who should control the channel (referred to as the channel captain)?
- Should channel relationships be informal or contractual?
- Should channel members share advertising (referred to as co-op ads)?

- Should electronic methods of distribution be used?
- Are there physical distribution and logistical issues to deal with?
- What will it cost to keep an inventory of products on store shelves and in channel warehouses (referred to as filling the pipeline)?

Frequently there is a chain of intermediaries; each passing the product down the chain to the next organization, before it finally reaches the consumer or end-user. This process is known as the 'distribution chain' or the 'channel.' Each of the elements in these chains will have their own specific needs, which the producer must take into account, along with those of the all-important end-user.

A number of alternate 'channels' of distribution is available:

- Selling direct, such as via mail order, Internet and telephone sales
- Agent, who typically sells direct on behalf of the producer
- Depot operator who sales to the distributor.
- Distributor (sometimes wholesaler), who sells to wholesalers/retailers
- Wholesaler who directly sales to the retailers
- Retailer who sells to end consumers.

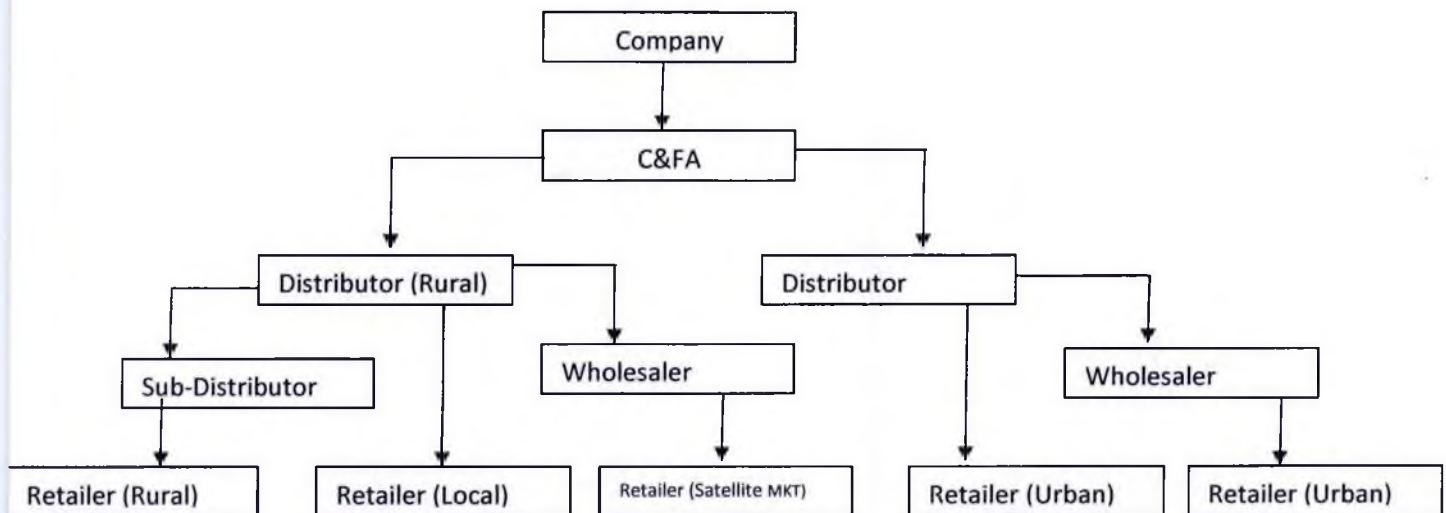
2.3 Product distribution system in Bangladesh:

Distribution is the most important variable in the marketing plans of most goods manufacturer, because managing such a massive sales and distribution network is in itself a huge task. Normally in Bangladesh most of the MNCs and Nationalized company follow 4 (four) channel distribution chain i.e. Depot, Distributor, Wholesaler, Retailer; to serve the end user that is consumer. In urban area distribution is not a problem, urban area have a variety of distribution outlets, ranging from large supermarkets and superstores to the smaller neighborhood retail stores. But in contrast, in villages small shops alone are the backbone of the local retail networks. It is an easy proposition to distribute a truckload of soaps in the urban market covering a small geographic area. But to sell the same truckload in the rural market one has to cover hundreds of small and large villages, which increases the distribution and promotion costs significantly.

2.4 Distribution Model:

The rural distribution models of all major FMCG companies can be divided into two universal models, with minor variation from one company to another. These models will henceforth be referred to as Distribution model 1 and Distribution Model 2. They are described below:

2.4.1 Distribution Model 1



In this model, rural distribution has been separated from the urban distribution to create a specific focus on the rural market. The coverage area of rural distributors (RDs) is clearly defined. The company appoints a sub distributor (SD) under the RD to penetrate deeper into rural areas up to the 5000 population villages. The RD covers a large area with poor road network and a low volume per outlet, which would make it unprofitable for him to cover small locations. The RD services the wholesale market in his area. The wholesalers becomes important because of the assortment that he keeps the volume that he generates and the consumer to whom he caters from the satellite markets, where the companies distribution has not yet reached. The generalized model DM 1 has a number of points appointed in the rural areas, because the locations are many and scattered. This ensures that the company's products reach the maximum number of areas.

The distributor has to supply smaller quantities at a higher frequency. The DM 1 focuses more on distributors and sub – distributors rather than the wholesale channels. The wholesale continues to play a role, but its importance is considerably reduced. This model ensures better monitoring, price discipline and control over the sale and distribution of products.

2.4.2 Transportation:

Stock from the production units to the C&FA and up to the distributors point is moved at company expense. The stock is first transferred to the C&FA and then it is sent to the distributor on freight paid basis. The transfer from the production units to the C&FA and to the distributor is mostly done on heavy transport vehicles generally; an annual contract is executed with transporters on fixed freight rates. The RD covers their market using a light commercial vehicle, while the urban distributor generally uses three wheelers. The SDs covers the market using van or a pick up truck. The higher transportation cost in rural area is due to the poor road network; the cost of the longer distances to be covered is compensated by the company, through higher margins or a small percentage of the SDs sales. The cost of coverage for the distributor generally comes to an average of 1 – 1.5 percent of the volume of business that he does. This includes the salaries of employees and the maintenance cost of vehicles.

2.4.3 Coverage:

While the objective of a company is to improve reach, care needs to be taken in devising the route plan (Permanent Journey Plan – PJP), which should be done in consultation with the distributor and the sales team so as to optimize efforts and reduce expenses. The factors to be taken into account are haat days, distance and the number of outlets to be covered and the type of vehicle required. The PJP is prepared for six working days a week. Outlets are covered only fortnightly (mostly weekly in urban) because of the geographical spread and the small volume of business generated per outlet. In general, the number of outlets covered in a day is 30 – 40 (depending on the number of SKUs), of which 15 – 20 are productive. The typical distributor area is around 50 km. radius, depending on the market potential.

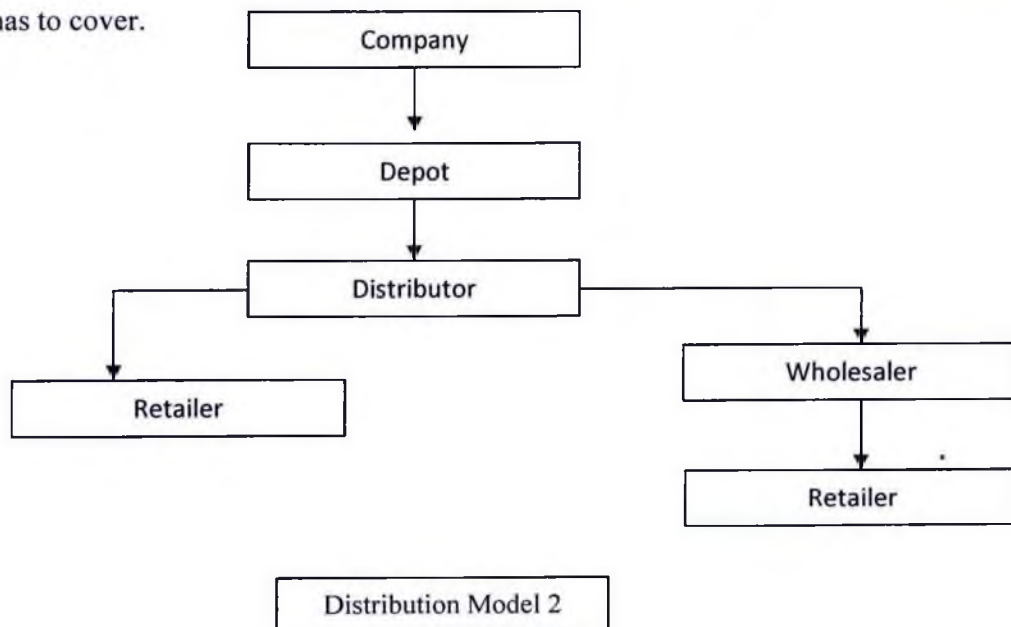
2.5 Distribution Model 2:

This is a simpler model compared to Distribution Model (DM) 1. There is no separate channel for rural distribution. This model minimizes distribution costs, allowing the company to offer better margins to the distributors and other channel partners who then push the sales of such products. Wholesaler locations work as feeder markets, from where the company caters to the requirements of nearby villages, place not covered by the distributors.

It is the companies with a limited number of SKUs and high sales volume that adopt this model. Channel partners are few and the distributor is given a large territory. In addition to higher margins, distributors and other channel partners also sell large volumes and earn good money. Most of the MNCs and national FMCG companies having high sales volumes follow this model. This model is preferred by new entrants who lack the infrastructure required to have wide distribution network. Also, companies using this model generally do not have a separate strategy for the rural market.

2.5.1 Transportation:

Stock is sent to the company depot on a transfer basis and then on to the distributor on freight paid basis, using a heavy vehicle. Distributors cover their areas using their own vehicles, mostly tempos. Companies do not reimburse the transport expenses of the distributors. The distributors employ the personnel depending on the market that he has to cover.



2.5.2 Coverage:

Area covered by the distributor in DM2 is bigger than DM1. Therefore, coverage becomes an issue and the problem is further compounded by the fact that there is no SD to cover the more interior parts. Most of the times, it is the wholesaler market that is responsible for the availability of these products in the interior-most parts of the country. The coverage for the companies that follow this model is mostly done on a ready stock basis, especially because of the lower number of SKUs as well as high volumes.

2.6 Traditional Distribution Scenario of Rural Bangladesh:

Most of the local companies appoint “Distributors” at the District level to sell their products in different parts of the country. It is the responsibility of the manufacturer/marketer to transport the goods at their own cost down to the Distributor’s office (Better known as distribution points) in districts. The distributors have their own setup to sell the goods in the district town (which accounts for the most their sales), the Thana HQ, and some of the union HQs. These distributors use their office/distribution point as their base of operation. They have Sales Officers and Delivery Men to sell the good to their customers (The outlets). The Sales Officers collect orders (The Sales Function) from Dealers & retail outlets and the Delivery Men deliver the goods by mechanized/human pulled vehicles to the outlets as per the order (*Dilir, 2006*)

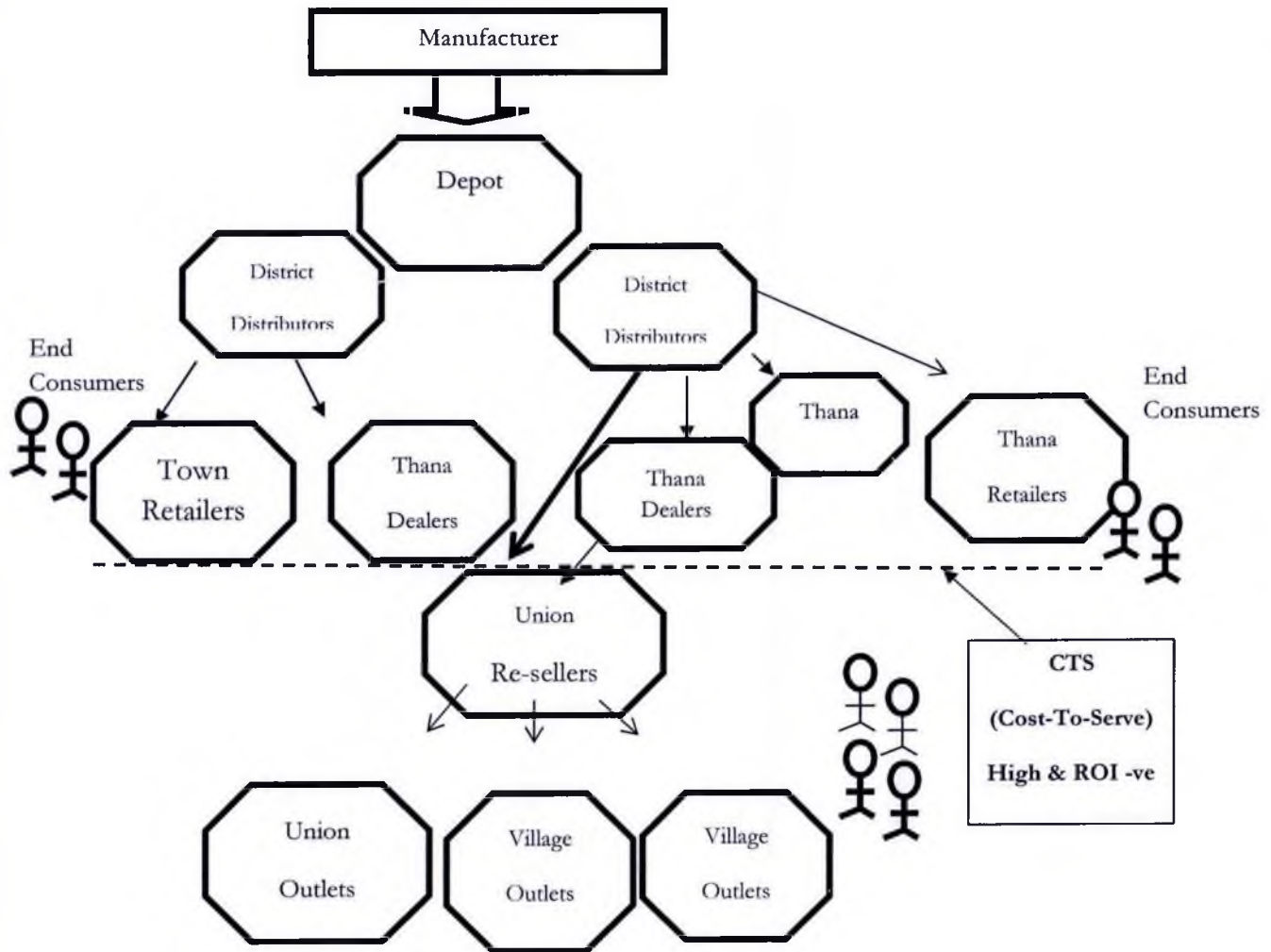
Dealers are basically resellers who generally purchase large volume of stock from Distributors to sell to the outlets. They are stationed at district towns and thana towns. Dealers carry out similar functions like distributors, but their sales are just a fraction of the distributors.

Since the sales & distribution functions involve human resource, operating capital, office space, warehouse space, utilities, vehicles and overhead costs, the distributors/dealers must sell enough to cover their costs (CTS-Cost to Serve), and make a reasonable profit (ROI-Return on Investment) to sustain the operation. The

higher the Distribution Density (amount of sales per square kilometer), the higher profit the distributor/dealer earns.

The outlets in the district towns are fed by the distributors who sell their products to the consumers living in the towns and the surroundings. Traditionally, these are the affluent households who form a Critical Mass for the distributor's operation. The retailers of union HQ (Head Quarters) feed the rural households around the union HQ with FMCG. The level of demand accounted by the outlets of the union HQ is the threshold for the dealers; they cannot go beyond the union HQ, the CTS (Cost – to Serve) is too high due to low 'distribution density'. On the other hand, small village retailers collect their stocks from either union HQ or Thana HQ. Because of high CTS and low distribution density, distributor cannot supply to these small retail outlets. Hence, small retailers come to the union/thana HQ and collect the stocks with extra time and cost. For this, small retailers' charges extra amount over the MRP for their extra time and cost (mainly carrying cost).

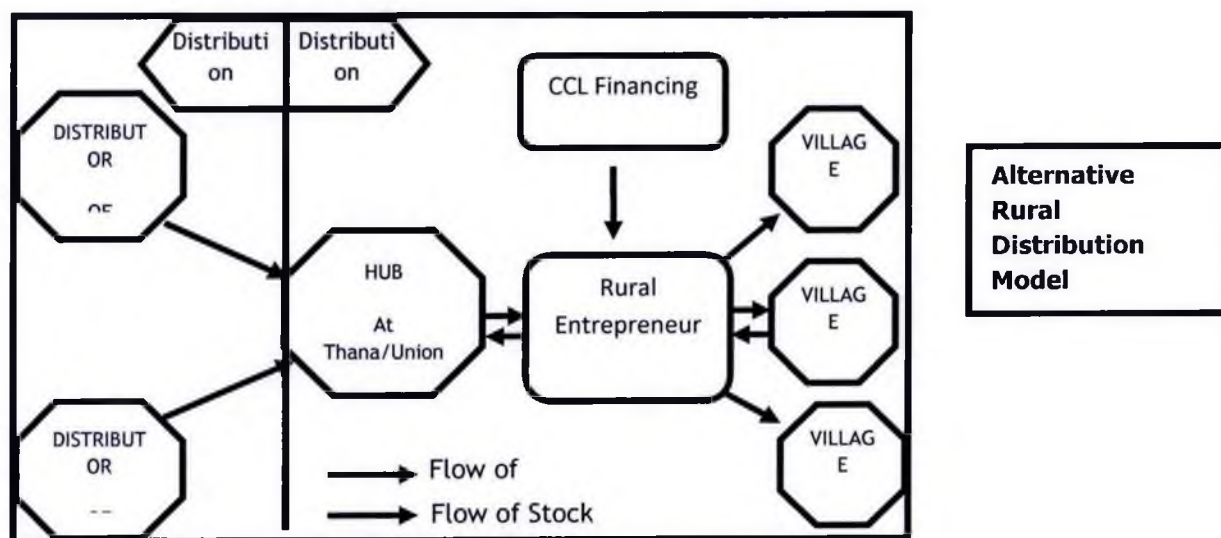
Traditional Distribution Model:



Source: Consumer Connect Communication Ltd (The Model: Traditional Distribution)

2.7 Alternative Rural Distribution Model:

Alternative rural distribution system emerged because of failure of traditional distribution system. Traditional distributor reaches up-to the thana head quarters, because of high CTS they cannot serve beyond the thana HQ, alternative rural distributor works beyond the thana i.e. from the union to the village level. Basically the idea is to accelerate grassroots entrepreneurship through the unique distribution model which involves three actors: FMCG manufacturers/marketers, unemployed rural people, and an initiator willing to take up a daunting task of a door-to-door rural distribution system through rural people. The model leaves all the three parties better off because it ensures employment for the rural people, opens up a new channel for the FMCG manufacturers who, by themselves, can not initiate such a channel with salaried employees because of prohibitive ROI on huge investment, and ensures a reasonable profit for the initiator. This is a Win-Win-Win model; commercial ventures gain economic profits; rural consumers get quality products at affordable prices; employment opportunities are created for rural people.



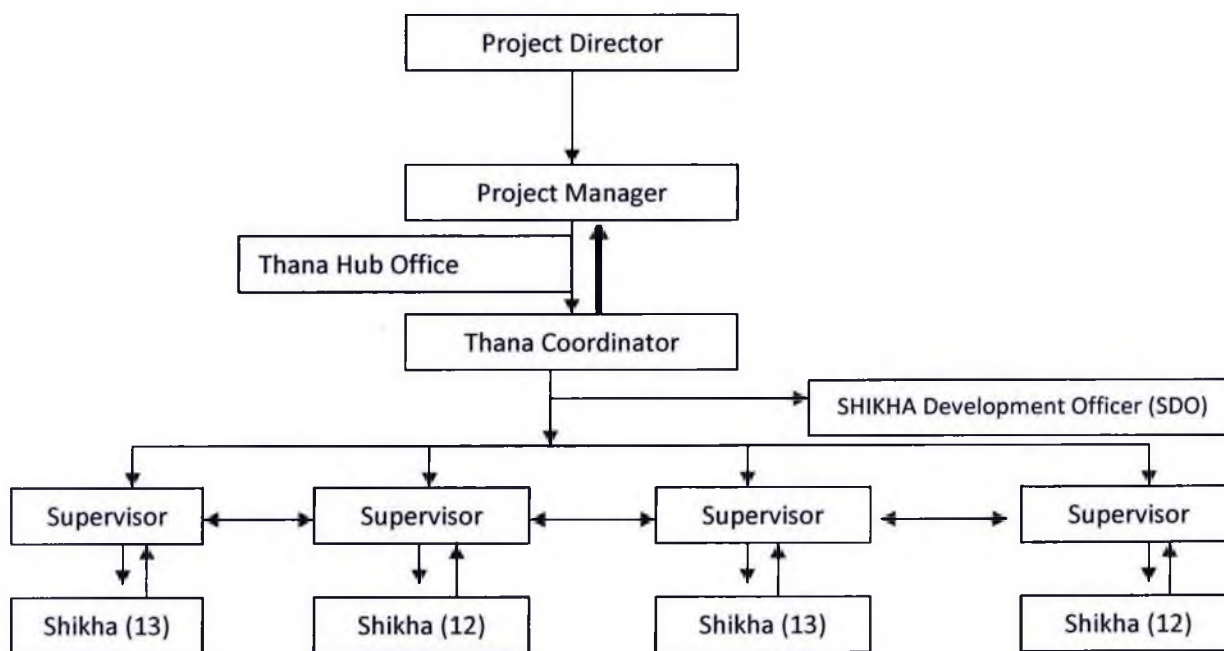
Source: Consumer Connect Communication Ltd (The Model: Project SHIKHA)

2.8 Mechanism of Rural Distribution System: (Case: Project SHIKHA)

Consumer Connect Communication (CCL) Limited, a social and rural activation firm coining and to be implementing the idea of Distribution model by which underprivileged rural women (SHIKHA)³ and local youth would be economically empowered through employment and income generation activities.

Project SHIKHA operated in 11 thanas in North Bengal, covering four Districts; Bogra, Gaibandha, Dinajpur and Naogaon. Each thana has one hub office operated by trained human resources as channel operators. Each Hub office includes one Thana Co-ordinator, four Supervisors, one SHIKHA development officers and 50 SHIKHAs of 50 villages covering 70 miles radius of areas.

Project SHIKHA: Organogram



Channel Operations of Project SHIKHA:

Consumer Connect Communication Ltd. directly operates the Project SHIKHA through its Dhaka and different Thana hub office. Project manager places the product from the head office (Dhaka office) to the different partners of project i.e. different FMCG manufacturer

³ Rural women entrepreneur.

according to the order from the Thana hub office. Project Manager head the total operation and control the total activities; In thana level, Thana coordinator manages a Thana hub office and distribute the work to the supervisors and the SHIKHA development officer. Each supervisor covers 12 to 13 SHIKHAs and collects order & deliver the same to the SHIKHAs. According to order from the SHIKHA, supervisors deliver the FMCG and get the feedback from the SHIKHA. Each SHIKHA visits at least 30 household per day and sell the product directly to the rural consumer. She also sells her product to the village retail outlet by which rural consumer also benefitted. SHIKHA gets at least 10% margin of her sales volume by which she can survive herself. The beauty of this project is generous, because in one sense this model tries to mitigate the rural poverty by empowering rural women, rural women have adequate local knowledge thus she can explore the hidden market. SHIKHA not only visits and sell the product to the rural household but also create the demand of a product and give the feedback to the supervisors which they get from the rural consumer. According to feedback and market demand, a supervisor collects the order from the SHIKHA and delivers the product in time. SHIKHA has specific journey plan to visit different *Paras* of a village. Generally each SHIKHA is served twice in a week, but if the demand increases unexpectedly she also be served more by the supervisors. According to this order from the SHIKHA, Thana coordinator places order to the head office as product requisition, and then PM directly orders the products to the partners and delivers the products to the hub office through different mode of delivery. Sometimes manufacturer directly delivers the products to the hub office through their existing traditional distributor; otherwise Thana coordinator collects the products from the depot.

2.9 “4 A” of Rural Marketing

Though Bangladesh is a densely populated country, Per Capita FMCG consumption is very low in the areas down the union HQ. The households there purchase FMCG from very small retail outlets (some of these outlets are part-time). Since these rural outlets are dispersed and purchase low volume of stock in one transaction, it does not make economic sense for the traditional dealers to serve these outlets. Question arises, from where are these retailers buying their merchandise? Generally, these retailers visit the thana or district town to buy their merchandise once a week (Locally known as going to ‘Mokam’). There are two reasons for this traditionally low demand from the rural consumers, 1. Low income (**AFFORDABILITY**) and 2. **AWARENESS & ACCEPTABILITY** - even five years ago, the reach of electronic media was very low in the villages. The promotional efforts of the marketers did not reach the rural consumers. Combined together, these reasons acted as a barrier towards creating enough demand for the rural outlets. Hence, the rural distribution system never developed (**AVAILABILITY**).

With the passage of time, the scenario has changed; penetration of electronic media has increased manifold and the micro-credit operations of the NGOs has helped increase the disposable income of the rural households. Now, we see black and white television, refrigerator, and mobile phone in many rural households; they are geared up to consume the brands used by their urban counterparts (**AWARENESS & ACCEPTABILITY**). The marketers have come up with small SKUs (mostly Tk.1-3 sachet), which the rural consumer can afford (**AFFORDABILITY**). The only unfavorable ‘A’ is **AVAILABILITY**. Products have to be made available in rural areas to take advantage of the changed landscape. The traditional system is not appropriate for reasons explained in the previous section.

3.0 Research Methodology:

3.1 Data Collection

The survey was conducted during a 1-week period from 5 October to 12 October, 2007. Interviews at the outlets were conducted using a structured questionnaire developed and finalized in consultation with thesis Supervisor. During the same time, In-depth, semi-structured & structured interviews were carried out with CWE & HW using an interview guide that lists a pre-determined set of questions and issues to be explored. The interview guide was prepared and finalized in consultation with thesis Supervisor. The data collection process consisted of the following steps:

3.2 Study Location and Participants

Bogra with its historical tradition is known as an affluent and progressive district of North Bengal. The geographic location and the transportation links of Bogra makes it a hub for the North Bengal in terms of trade, commerce and culture. The study was conducted in ten conveniently selected villages of Shibganj thana of Bogra. In which 5 villages were covered by Alternative Rural Distribution System, *Project SHIKHA* (Intervened villages) and 5 other villages (Controlled) of Shibganj thana where alternative rural distribution system is not working.

3.3 Sample Size:

3.3 a. Household Usage Audit:

A total of 30 interviews (6 interviews in each of the 5 villages) of CWE/HW were conducted by administering a structured questionnaire. In every village 2 interviews were conducted in 3 MHI (Monthly Household Income) classes- High, Medium, and Low – thus leading to 6 interviews in every village. Map 1 shows the villages covered.

3.3 b. Retail Outlet Survey:

There were 10 villages covered in three 3 unions of Shibgonj thana of Bogra, and from each of the village 5 retail outlets were surveyed. Total 50 retail outlets were surveyed, in which 25 retail outlets were from controlled villages and rest 25 were from intervened villages.



Map: Data Collection Area

Table 1: Lists of Villages

SL	Name of Sample Villages	Union	No. of HH surveyed	No. of Outlet Surveyed	Village Status
1	Sekandrabad	Roynagar	6	5	Intervened
2	Majpara	Mokamtola	6	5	Intervened
3	Gopinathpur	Kichak	6	5	Intervened
4	Challishcatra	Kichak	6	5	Intervened
5	Gormohasten	Roynagar	6	5	Intervened
6	Barpathar	Kichak		5	Controlled
7	Kazipur	Roynagar		5	Controlled
8	Chilail	Kichak		5	Controlled
9	Moisat	Mokamtola		5	Controlled
10	Loksmipur	Mokamtola		5	Controlled
Total			30	50	

3.4 Data Analysis

Questionnaires of the outlet survey were coded, checked and scrutinized meticulously. Data were entered in customized software developed using Microsoft Access which was capable of identifying errors based on appropriate value ranges for each variable.

SPSS for windows was used to generate the base tables and the interpretation of data.

For analyzing data from open ended qualitative interviews, surveyed data were coded for finding patterns and core themes of the situation and the socio – economic conditions of these villages. In order to extract the essence of the bulk amount of qualitative data, the collected texts divided up into small segments for getting the data pattern and then transform the data into abstract concepts from concrete data.

3.5 Analytical techniques

This exploratory study was done using primary data collected through structured and unstructured questionnaire of household usage audit from rural consumers and interviews of randomly selected retailers shown below:

SL.	Objectives	Methods (tools)
1.	To understand the Household's socio-economic and consumption – expense pattern.	Structured Questionnaire.
2.	To determine the effectiveness of the Rural Distribution System and benefit of the consumer.	Face to face interview, (Structured Questionnaire): --Interview with CWE & HW.
3.	To identify the factors that may influence rural consumer by the retailers.	Face to face interview, (Questionnaire): -- Interview with Retailers in intervened and controlled villages.
4.	To understand the mechanism of alternative rural distribution and traditional System.	Informal interview with the Managers of the Different FMCG manufacturing company and Alternative Rural Distribution Manager.

3.6 Limitations of the study

The study focused on finding out the strengths, weaknesses and effectiveness of the Alternative rural distribution system and the Traditional Distribution system in rural Bangladesh. In order to assess the effectiveness of these two systems households and retail outlets were interviewed. The general assumption was that the alternative rural distribution systems changes the habit of rural people and their buying pattern and compare the effectiveness of the systems by the retailers.

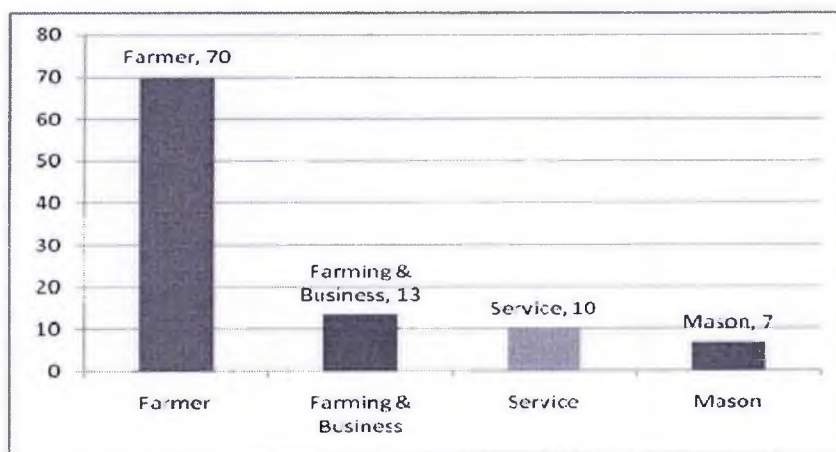
However, the small sample size of this study, due to resource and time constraints, imposes some methodological limitations on the generalization of findings

elsewhere beyond the thanas where the study was conducted. The extent to which the study captured the dynamics of the Alternative and Traditional Distribution system needs to be examined and considered while interpreting the data. The respondent may have answered differently than usual due to presence of an observer and the interview. It can be assumed that when observed or interviewed, generally people tend to answer more than reality. It is human nature to be concerned about being observed. In addition, the observation and interview process itself has some limitations.

4.0 Key Findings

4.1 (Household Usage Audit):

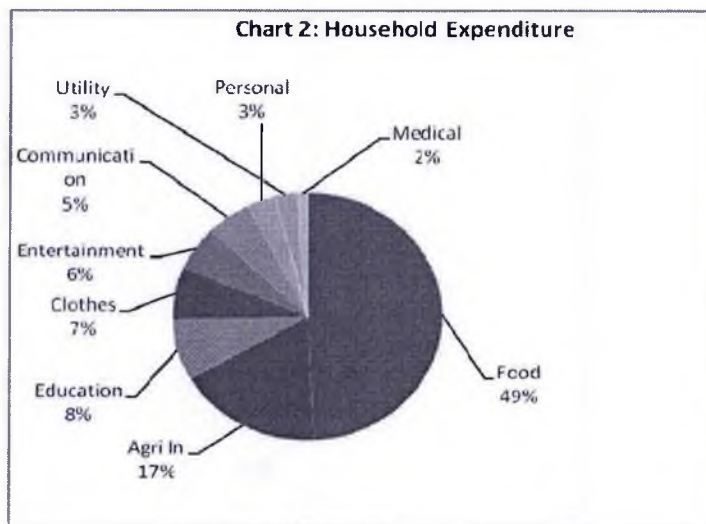
The quantitative data of the 5 villages covered during the survey shows that majority of the population is mainly dependent on agriculture, and agriculture related profession. Chart 1 shows the profession of the Chief Wage Earners of the interviewed households, it shows that 83 % of the CWEs are involved with agriculture and agriculture related profession.



Graph 1: Profession of Main Wage Earner

Data shows that the rural families have to spend almost half of their income for food consumption and agriculture inputs for the next sowing season. The next major expenditure goes to buying agricultural inputs. Three percent (3%) of the monthly

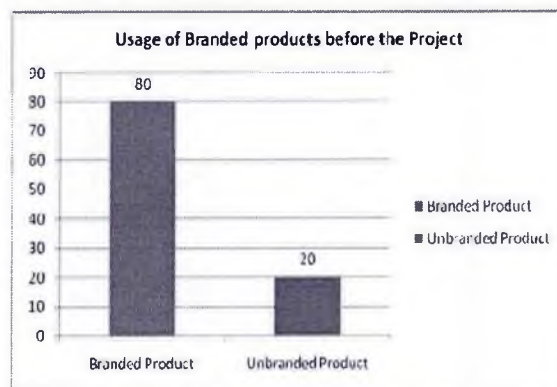
household expenditure (Tk.160) is spent for personal care products. Other expenditure heads are clothing, education, conveyance, fuel & electricity, medical treatment and entertainment as seen in Chart 2.



Graph: 2 Household Expenditure

4.1.2 Usage of Branded Products before the Projects

With the passage of time, electronic media has penetrated the rural market significantly. Few years back there was a media dark in the rural areas in our country, but with the blessings of technology rural consumers are now aware of the various products and the brands. Data shows that, in intervened villages 80% of the population use branded products before the alternative rural distribution project took

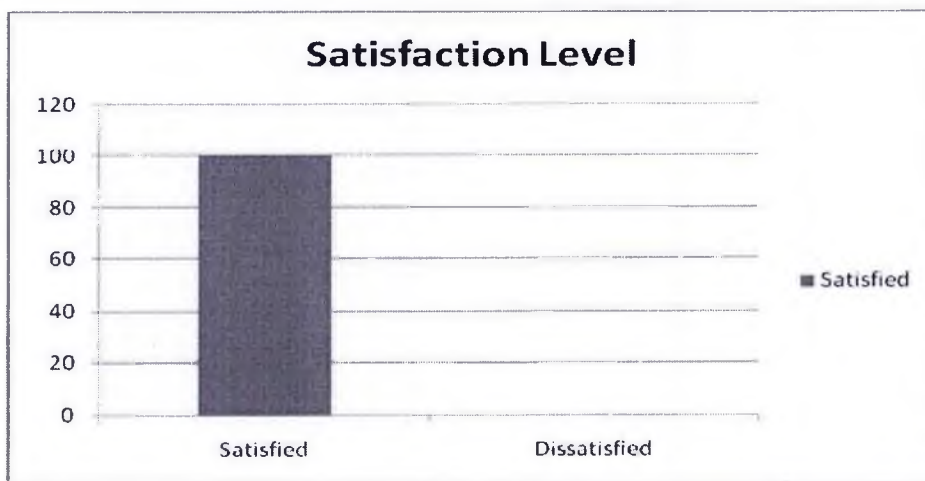


place.

Graph 3: Usage of Branded product before the Project

Project SHIKHA the alternative rural distribution system, is doing very well. All the customers of a SHIKHAs are satisfied with the service. Data shows that 100% consumers are satisfied with the new service. Consumers are more comfortable to buy the products than before because most of the personal care, fabric care, skin care product brands are decided by the housewives or adolescent children of a family. Thus when SHIKHA comes to their doorsteps they can easily select their products according to their needs. Also SHIKHA is carrying and selling reputed company's product, hence acceptability is not an issue. Consumers are highly satisfied for the following reasons:

- Easily accessible by the rural housewives.
- Easily communicable to SHIKHA.
- SHIKHA has all reputed brands.
- They do not need to go outside for purchasing their desired product.
- Get the products at a right price without any extra effort.
- Get their desired product from the SHIKHA and if SHIKHA do not have that desired product they order and wait till next visit of SHIKHA.



Graph 4: Consumer's Satisfaction Level

Consumption level: Traditional vs. Alternative Rural Distribution System

Table -2: Average usage of Product

Average Usages of product Per Month				
Category	SKU	Traditional	Alternative	Growth(%)
Soap	40 gm	2	3.2	60
Soap	85 gm	1.8	2	11
Shampoo	4 ml	9	11.2	24
Shampoo	7 ml	8.2	10	22
Hair Oil	45 ml	2.4	3.4	42
Hair Oil	100 ml	1.2	2	67
Hair Oil	200 ml	1.2	1.8	50
Tooth Powder	50 gm	2.2	4.2	91
Washing Powder	35 gm	10	10.5	5
Washing Powder	200 gm	1.8	3.2	78
Washing Powder	500 gm	1.4	2.2	57
Fairness Cream	9 gm	2.8	3.4	21
Chanachur		8.6	10.4	21
Potato Stick		3	4.2	40
Laundry Soap		1.4	3.8	171
Prickly Heat Powder	50 gm	0.2	2.8	1300
Fresh Gel	5 gm	0.2	2.4	1100
Fresh Gel	12 gm	0.4	3	650
Tooth Brush		2.4	7	192
Ring Chips		4.2	4.6	10
Potato Crackers		1	3	200
Ball Soap		1.4	3.6	157
Energy Plus		2.8	4.2	50
Glucose		8.4	9	7
Tiki		7	8.4	20
Candy		5	6	20

From the view point of usage level of products it increases significantly than before. As we see in the table, most of the products are used in larger quantity than before because at a time SHIKHAs are sellers as well as product's promoter. They promote the brands for their needs but it results positively in the community. Consumers avail the same products or better quality products with no extra effort but get these at their doorsteps. It also implies

that SHIKHAs are the counselor for brand promotion. If we see the usage level of tooth brush, we see there is 192% growth than before. Apparently SHIKHA changes the rural consumer's behavior and induce to use the tooth brush. Before the project, most of the consumers did not use tooth brush rather they used traditional method of tooth cleaning. On the other hand one complementary product promotes others products also, tooth brush promotes tooth paste to the consumer and now they are habituated to use tooth paste. Data shows that, before the project average consumption of tooth paste was only 0.2 sachet of 5 gm sachet but currently it is 2.4 sachet of 5 gm tooth paste per household, which indicates a growth rate of 1100%.

4.1.3 Seasonal Variation in consumption level:

All of the respondents answer that there is an influence of seasonal variation mainly related to the harvesting and sowing period. Most prosperous month of the year is Agrahayan (November – December). Agrahayan is the month of harvesting of Broadcast Aman, Potato, Banana, leafy vegetables etc. On the other hand, Bangla Ashar to Kartik (June to October) are the least prosperous months because of sowing of rice which involves huge cash expenditures and investment for purchasing seed, fertilizer, pesticides, labor cost, and buying water for irrigation etc. During this period people exhaust their savings to survive. People don't have any money in their hands before harvest. So these least prosperous months seriously affect people's consumption pattern – consumption goes down and is limited to bare necessities. During this period rural consumers ask for credit facilities from the retail outlets. This leads to consumer's dependence on the retailers. This power relationship enables the retailers to influence brand decisions of the credit seekers. Some shops remain close during this period because the retailers cannot comply with the credit requests of their customers.

4.2 Key Findings (Retail Outlet Survey- Intervened Villages):

4.2.1 The outlet:

The outlets surveyed were located in different clusters, and on the roads connecting one cluster with the other. Fifty two (52%) of the surveyed outlets have mud & tin structure with tin top. Thirty two (32%) of the outlets have pucca structure with tin top, and 12% have a thatched structure.

Most of the retailers said that products are purchased mostly (80%) by adult males, and rest 20% of the products purchased by the housewives. It is also reported that all the buyers of a products ask by brand name. Consumers are aware and brand conscious, they are buying products which have media coverage, quality and affordable price.

4.2.2 Frequency of purchase:

Frequency of Purchase	Frequency	%
Weekly	14	56
Twice a week	8	32
Fortnightly	3	12
Base: All outlet	25	100

Majority (56%) of the surveyed outlets purchase stock on a weekly basis to replenish their stock, while 32% of the retailers reported that they buy their stock twice a week and rest of the (only 12%) outlets reported that they are purchasing stock on a fortnightly basis.

4.2.3 Availability of credits:

Credit Facility	Frequency	%
No	25	100
Yes	0	0
Base: All outlet	25	100

All of the surveyed outlets reported that they do not get credit facility from their suppliers. Basically total distribution business is running by no credit facility, because one of the very basic reason is retailers are dispersed and purchasing amount is so small that suppliers cannot offer any credit facility towards the small rural retailers.

4.2.4 Source/place of purchasing stock:

Source	Frequency	%
Project	10	40
Project & Thana HQ	10	40
Project & Union HQ	5	20
Base: All outlet	25	100

In intervened villages 40 % outlets buy their stock from alternative rural distribution channel; the outlets which are purchasing their stock only from alternative channels are small and they only sell FMCG rather than any other consumer goods. Another 60% of the outlets reported that they purchase stocks from both the channels; they purchase simultaneously from alternative and traditional distribution system. FMCGs are purchasing from alternative channels and other consumer goods are collecting from thana or union sadar.

4.2.5 Coverage Status:

Distribution System	Frequency	%
Alternative	10	40
Alternative & Traditional	15	60
Base: All outlet	25	100

Data shows that 100% of the outlets are covered by alternative systems in intervened villages. In which 40% outlets buy their products only from alternative rural distribution channels, it is because of insignificant amount of purchase of the goods and supplies for the consumer. The reason is alternative rural distribution system only supplies FMCG (e.g. soap, shampoo, beauty cream, detergent etc).

4.2.6 Sales per month (Amount in TK)- Before/After

Average Sales – Before Project	Tk. 12060
Average Sales – During Project	Tk. 15220

In intervened villages it is estimated that average sales of total outlets are 15220 during the alternative project are operating. On the other hand while only traditional distribution

channel was working average sales per month was Tk. 12060, which is 26% lower than current average sales.

In intervened villages it is estimated that average incomes of total outlets are 1780 during the alternative project operation. On the other hand while only traditional distribution channel was working average profit per month was Tk. 1340, which is 4% lower than current average profit.

4.2.7 Business Month:

Month	Frequency	%
Agrahayan	25	100
Baisakh	5	80
All Harvesting Season	25	100
Base: All outlet	55	280%

Most of the retailers replied that they do good business in harvesting period. As most of the villages of Bangladesh, the main occupation the villagers is agriculture; and agriculture related activities. Their income, and expenditure pattern is shaped by the major crops. Hence the businesses of rural retailers have a good business during the harvesting period. Data shows that 100% retailers responded that Agrahayan and all harvesting period considered as good business month and period respectively. Average time spent for purchasing stock per week is 38.6 minutes.

Table – 3: Product Price under the Alternative Rural Distribution System

Product Price under the Alternative Rural Distribution System				
Category	SKU	MRP	Selling Price	Difference
Soap	40 gm	6	6	0
Soap	85 gm	14	14	0
Shampoo	4 ml	1	1	0
Shampoo	7 ml	2	2	0
Hair Oil	45 ml	12	12	0
Hair Oil	100 ml	28	28	0
Hair Oil	200 ml	54	54	0
Tooth Powder	50 gm	12	12	0
Washing Powder	35 gm	2	2	0

Washing Powder	200 gm	9	9	0
Washing Powder	500 gm	21	21	0
Fairness Cream	9 gm	5	5	0
Chanachur	42.5 gm	5	5	0
Potato Stick		5	5	0
Laundry Soap		9	9	0
Prickly Heat Powder	50 gm	32	32	0
Fresh Gel	5 gm	2	2	0
Fresh Gel	12 gm	5	5	0
Tooth Brush		15	15	0
Ring Chips		5	5	0
Potato Crackers	30 gm	10	10	0
Ball Soap		9	9	0
Energy Plus		10	10	0
Glucose		5	5	0
Tiki		2	2	0
Candy		1	1	0

From the Table it is seen that alternative rural distribution system does not contribute more than the traditional distribution system in terms of MRP. While it is assumed that, traditional distribution system charged more than the market price, the real scenario remain unchanged because price remains the same after the alternative rural distribution system is operated.

4.3 Key Findings (Retail Outlet Survey- Controlled Villages):

4.3.1 The outlet:

Type	Freq	%
Tin Shed	10	40
Pucca	12	48
Thatched	3	12
Base: All outlet	25	100

There are 25 retail outlets are surveyed in controlled villages in which 40% (10 outlets) outlets are Tin-shed, 48% outlets are Pucca and only 3% outlets are thatched. Basically it is the common scenario of rural Bangladesh. Most of the time retailers faced tremendous problems during the rainy season and in any kind of natural calamity like flood, storm or heavy rain.

4.3.2 Who buys from the outlet:

Buyer	Freq	%
CWE	15	60
HW	5	20
Kids	5	20
Base: All outlet	25	100

From above it is seen that, most of the buyer (60%) of these outlets are the main wage earners who ultimately are the main purchaser and the decision makers of the products for their daily needs.

4.3.4 Frequency of purchase:

Frequency of Purchase	Frequency	%
Weekly	16	64
Twice a week	9	36
Base: All outlet	25	100

From above table it is seen that, most (64%) of the outlets purchase their stocks on daily basis. And only 36% outlets responded that they purchase their stocks twice a week. Because they have little working capital by which they operate their business easily. In our

rural part most the small entrepreneur has small working capital, hence they get little profit on their investment and also they invest their valuable time and effort to run their venture to earn their livelihoods.

4.3.5 Availability of credits:

Credit Facility	Frequency	%
No	25	100
Yes	0	0
Base: All outlet	25	100

All the outlets owners of control villages responded that they had no credit availability from the suppliers. Basically, most of the time it is seen that such small entrepreneurs does not have good credit records, hence no supplier wants to invest their efforts with such risky venture.

4.3.6 Source/place of purchasing stock:

Source	Frequency	%
Nearest Bazaar	6	24
Thana HQ	7	28
Union HQ	12	48
Base: All outlet	25	100

Most of the purchasers responded that, they purchased their stocks from the nearest union head quarters followed by thana head quarters (28%) and 24% respondents told that they purchased from the nearest bazaar.

4.3.7 Coverage Status:

Distribution System	Frequency	%
No Coverage	15	60

Traditional	10	40
Base: All outlet	25	100

There are only 40% (10) respondents who reported that, they got their products from traditional distribution system and remaining 60% responded that they had no direct distribution system, neither traditional nor alternative rural distribution system.

4.3.8 Sales per month (Amount in TK)- Before/After

Average Sales –	Tk. 11980
Average Income	Tk. 1304

4.3.9 Business Month:

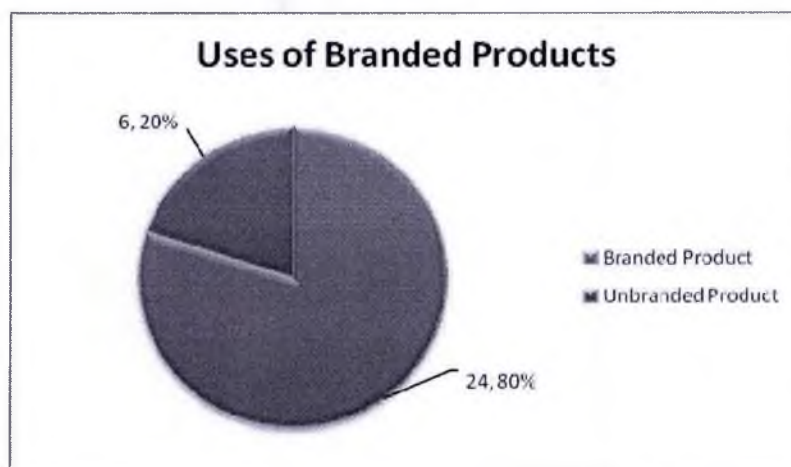
Month	Frequency	%
Agrahayan	9	36
All Harvesting Season	16	64
Base: All outlet	25	100

Most (64%) of the retailers replied that they did good business in harvesting period. Their income and expenditure pattern is shaped by major crops they grow. Hence the businesses of rural retailers have a good business during the harvesting period. Data shows that 36% retailers responded that Agrahayan was the prosperous month for their business and 64% respondent told that all harvesting periods were good business months. Average time spent for purchasing stock per week is 108 minutes.

5. Discussion:

5.1 Uses of Branded Products:

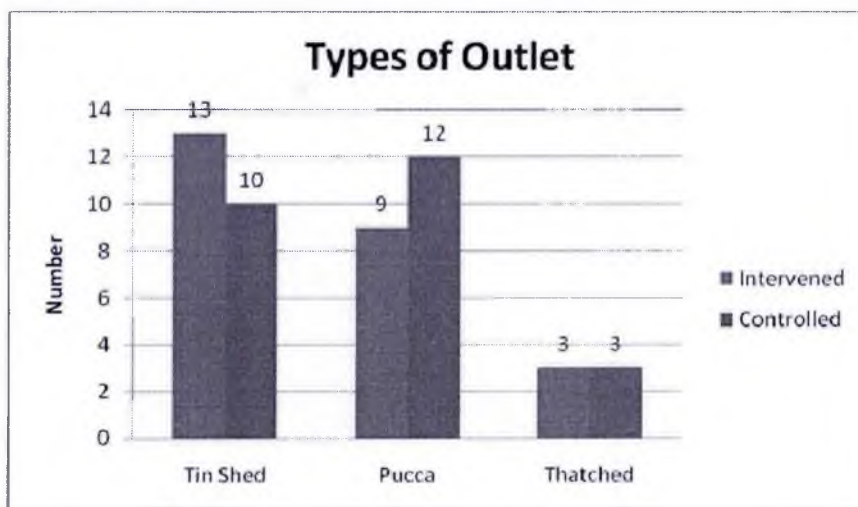
This study revealed important insights on both the traditional and alternative rural distribution system and the impacts of alternative rural distribution system on rural people. Basically, alternative rural distribution system is operating such area where traditional distribution does not cover. For this purpose structured questionnaires were used to explore the insights of rural people and FGD were conducted to get essence of the reality. From data it is seen that, in intervened villages 20% respondents reported that they were not using branded products before the projects (graph)



Graph 5: Uses of Branded products by the consumer

Hence it is seen that 20% rural people of these villages directly benefitted by this alternative rural distribution system, because while they used unbranded products they suffered different health hazards. Rural people are now getting better quality products instead of fake products; they are now taking hygienic quality biscuits, crackers, chanachur etc. at their doorsteps and at their convenience. Now they use branded quality soap which helps to protect body from infestation.

Again, another important insight came out from the data. The discussion shows that, before this type of project people did not want to go to retail outlet because outlets were far from them and most of the time they did not get quality products. But now they know when that rural women comes to their house and also they know that, with this distribution system their nearest outlet gets quality products. Hence they are interested to buy these quality products. In above we discussed 4 A's of marketing where we saw that, in our rural part the only missing thing is availability of products, but such kind of alternative distribution system mitigate this problem and improve supplies to this outlets in the villages.

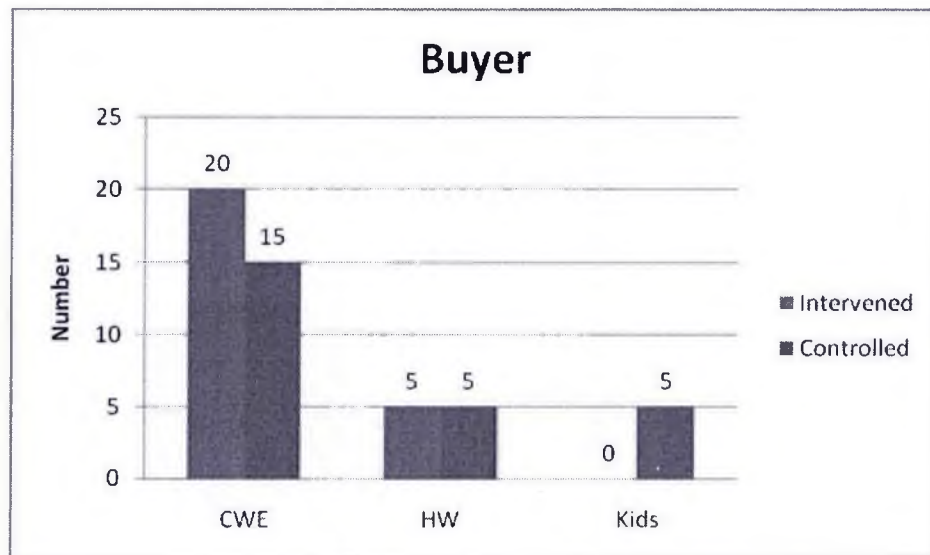


Graph 6 : Types of Outlet

5.2 Types of Outlets:

From above table we see that most of outlets are tin shed (52%) in intervened villages where 40% outlets are tin shed in controlled villages. In intervened villages 36% outlets are pucca and 48% outlets are pucca in controlled villages. And in both intervened and controlled villages 12% outlets are thatched.

5.3 Types of Buyer:



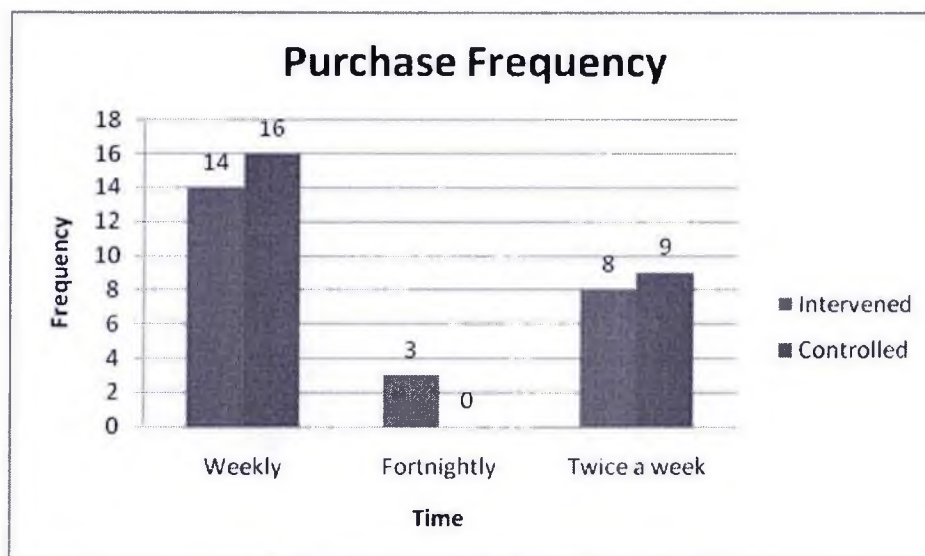
Graph 7: Types of Buyer

In intervened villages 80% buyers are chief wage earners (CWE) and 20% are housewives on the other hand, in controlled villages 60% buyers are CWE and 20% are house wives and kids.

5.4 Pattern of the rural consumer:

Data shows that, both in intervened and controlled villages all the buyers ask their expected brands while purchasing the products from the outlets. It proves that now a day's buyers are conscious about the brands and the benefits of the products. We have said above that in intervened villages 20% consumers are switching from unbranded to the branded products, now we can justify this data with a retail interview. Before this project, buyers were not that brand conscious but now they are brand conscious and ask the retailers for their desired brand of products.

5.5 Purchase frequency of the retailers:



Graph: 8 Purchase frequency of the retailers

In intervened villages 56% retailers told that they purchase products in weekly basis followed by twice a week 32% and fortnightly 12%. On the other hand it is seen that, 64% outlets purchased their products in weekly basis and 36% purchases in twice a week basis.

5.6 Sources of purchases of products by the retailers:

Intervened Villages -

In intervened villages data shows that, 40% outlets were getting their products directly from

Source	Frequency	%
Project	10	40
Project & Thana HQ	10	40
Project & Union HQ	5	20
Base: All outlet	25	100

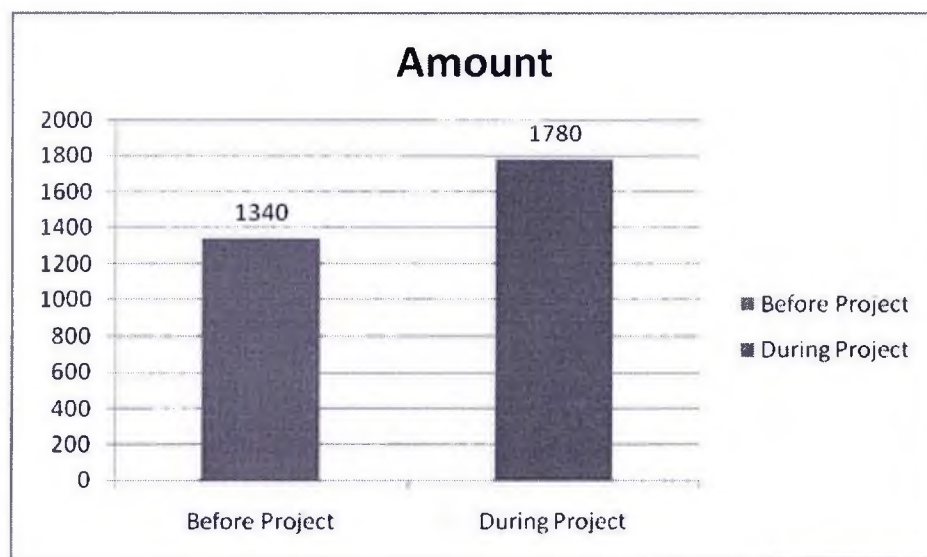
this channel which is from SHIKHA (Rural Women Entrepreneur), 40% outlets from

project and thana headquarters and 20% outlets from project and union sadar. So it is seen that 100% outlets are covered by this alternative distribution system in which 40% outlets are directly dependent on this project and rest 60% outlets are dependent on projects and other sources. Basically, this 60% outlets are big, hence their purchase of products are higher than alternative distribution channel supplies. For this reason, they purchased products from this channel as well as traditional also.

<i>Source</i>	<i>Frequency</i>	<i>%</i>
Nearest Bazaar	6	24
Thana HQ	7	28
Union HQ	12	48
Base: All outlet	25	100

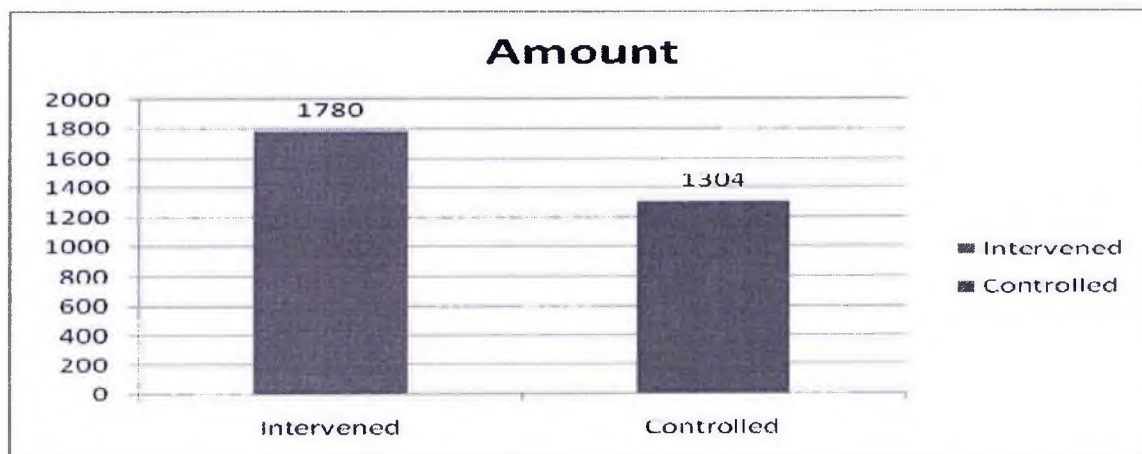
On the other hand, in controlled villages 48% outlets purchased their products from Union head quarters, 28% from thana head quarters and 24% from nearest bazaar. All the retailers go out from the villages to purchase their products for their outlets which consumed time and effort. The opportunity cost of this is to lose business profit, but on the other hand 40% of intervened villages got their products without any extra time and effort. So small outlets are getting benefit and do good business with the help of this channel.

5.7 Average Monthly Income:



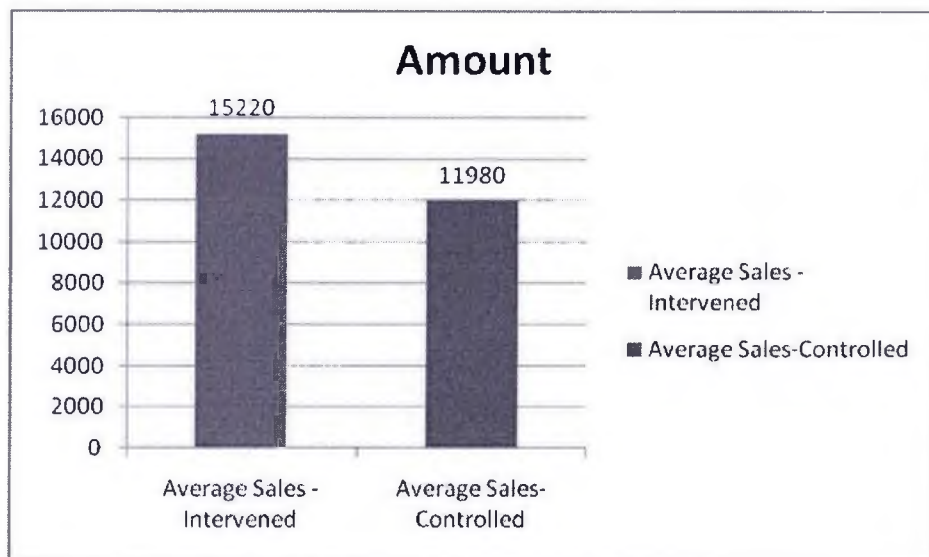
Graph 9: Amount income by the retailers

In intervened villages average monthly income is increased 4% by this alternative rural distribution system. Before this project their average monthly income was TK. 1340, while during this project average income increased to TK. 1780. On the other hand average income of outlets in controlled villages is Tk. 1304, which is Tk. 476 less than in intervened villages.



Graph 10: Amount income by the retailers

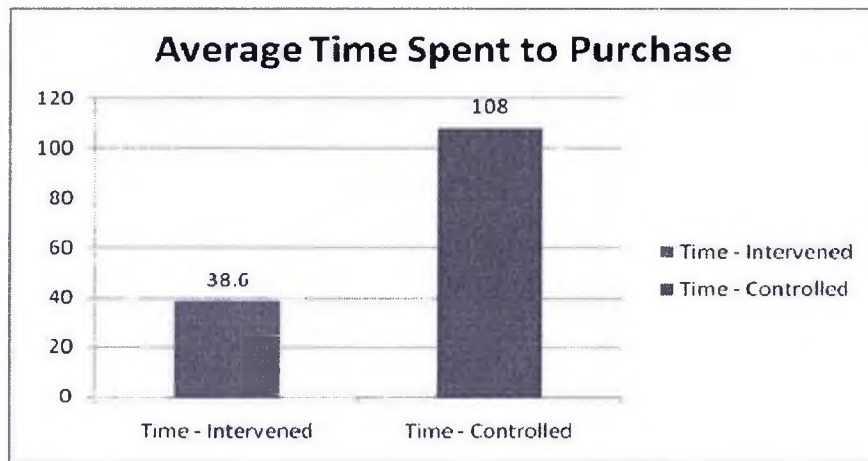
5.8 Average sales per month:



Graph 11: Average Sales by the retailers

Average sales of outlets in intervened villages are Tk. 15,220 and Tk. 11,980 in controlled villages. Average sales are increased in intervened villages due to this project and brand consciousness of the buyer and intervened villages' sales are 3,240 more than in controlled villages. As we said before that in intervened villages retailers were getting more time for business than for controlled villages. Hence their sales are increased with their utilization of time and effort than in the controlled villages.

5.9 Average Time Spent by the Retailers:



Graph 12: Average Time spent by the retailers

From above graph we see that an average retailers of intervened villages spent their 38.6 minutes time for purchasing products only weekly whereas in controlled villages time required was 108 minutes, which is 69.4 minutes higher than for the intervened villages per week. Data proved that more time spent in product purchase hampers their weekly average sales, which ultimately affects average income. So due to alternative distribution system retailers are getting more profit and less time and effort than before.

Conclusion:

In Bangladesh, there has been little investigation on distribution systems of marketer. The quality of the product delivery depends on the smooth distribution Systems. Recently emerged alternative distribution system has got enormous potential to serve in the distribution dark area in the country. This descriptive study has made an attempt to try and understand the status of current alternative rural distribution system in relation to traditional distribution system. The main aim was to find out the strengths, weaknesses and effectiveness of both distribution systems in rural Bangladesh. Also this study tries to assess the poverty penalty incurred by the rural consumer. From this study, it is revealed that rural consumers are getting quality products, they change their product habit and become aware of the alternative distribution system from counseling and sale promotion drives. An increase in the purchase of quality products by rural women is a significant phenomenon. Moreover, alternative rural distribution system is empowering rural women and strengthening rural trade with the power of bottom of the pyramid.

Distribution is the spinal cord of a company. Rural distribution has posed a challenge to marketers and saturation of urban markets and the growing potential of rural markets have forced marketers to adopt out of the box thinking and come up with innovative solution to ensure that their products reach remote locations. Learning lesson from the old distribution systems in rural markets and optimizing the new infrastructure, some companies have come up with innovative, cost effective, sustainable rural distribution models, based on wheel of collaboration between different stakeholders.

Case Study:

When my only daughter died of cancer, I could not but bring my poor granddaughter Salma to live with me. My daughter died just after giving birth to Salma seven years back. I did not want to leave little Salma's fate in the hand of a step mother to come in her life. But it was an extra burden for me to take care of her education and upbringing. My husband was the only breadwinner for our family and earned only around 50 taka a day. He works as a day laborer in other people's crop field. We have a son and he has to take care of his wife and a son with his meager income from his clerical job in an organization.

My name is Lebu(45). I live in Majhpara village in Shibjang in Bogra district. Like many other families in our village, we do not have any land to cultivate. I myself earned around 500 taka a month from stitching clothes for other people and from poultry rearing. It helped me in running the household better and bearing study expenses of Salma. Also I managed to save some money and bought a calf and a goat as future assets for our family.

Still I was very worried about the future of Salma. What would turn up to Salma when I would be no longer! Who would take care of poor Salma poorer without her me in this harsh world! Would she live ok or continue her education! I understood Salma should have something of her own for her future life. I thought of saving for Salma. But that was not possible with the income I had.

So I started seeking an option of earning more. People from Shikha project came to my village four months back and I grabbed the opportunity like anything. I did not have to pay anything at the first hand as they gave me a basket of 1000 taka products on credit. Initially it was difficult to sell but soon I developed a strong relationship with my fellow villagers that staying at home they would get the products regularly. Gradually I increased my sale and now every week I sell products of 1200 to 1500 taka. I am also paying off the credit to Shikha in installments.

Now I earn 1000 to 1400 taka a month. I have started running a 100 taka DPS per month for Salma in a local bank. Also next week I would take credit from a local NGO and purchase another calf for our family. I would pay off the installments from my income as a Shikha.

Salma is now reading in class II. When her teachers appreciate her performance in the class, I really feel very proud. Everybody also likes her faculty of singing and interest in drawing. Thanks to Shikha that has given me hope that Salma might continue her life this way at least in future.

- | | |
|------------------------------------|--|
| • SHIKHA: Rural Women Entrepreneur | • Area Coverage: Own village |
| • Visit household/Day: 60 | • Stepping: $1760 \times 2 = 3,520/\text{Day}$ |
| • Sales/Week: 1200 – 1500 BDT | • Sales/Day: 200 – 250 BDT |

References:

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Annex: 1 – Household Audit Questionnaire

Name of Interviewer _____

Respondent _____

Name of Chief Wage Earner:	Gender	
Profession of Chief Wage Earner:	Male	Female

Name of Housewife			
Profession of Housewife			
Village:	Union:		
Thana:	District:		

**Family Expenditure
Pattern:**

Item	Monthly Expenditure	Remarks
Food		
Clothing		
Fuel & Electricity		
Education		
Personal Care		
Cosmetics		
Conveyance		
Agri Inputs		
Entertainment (Family & Guest)		
Medical Treatment		
Others (Please Specify)		
Total		

Ques: 2

Consumption/ usage Level: Traditional vs. Alternative Distribution System

Item	Unit	Distribution System		Price per unit (Tk.)		Difference
		Traditional Distribution (No. of SKUs)	Alternative Distribution (No. of SKUs)	Before Project	During Project	
Soap	40 gm					
Soap	85 gm					
Shampoo	4 ml					
Shampoo	7 ml					
Hair Oil	45 ml					
Hair Oil	100 ml					
Hair Oil	200 ml					
Tooth Powder	50 gm					
Washing Powder	35 gm					
Washing Powder	200 gm					
Washing Powder	500 gm					
Fairness Cream	9 gm					
Chanachur						
Potato Stick						
Laundry Soap						
Prickly Heat Powder	50 gm					
Fresh Gel	5 gm					
Fresh Gel	12 gm					
Tooth Brush						
Ring Chips						
Potato Crackers						
Ball Soap						
Energy Plus						
Glucose						
Tiki						
Candy						

Ques:3 Before this project did you use branded products?

Y	N
---	---

Ques:3.1 If yes: What are those products?

Ques:4 Are you satisfied with this new service at your doorsteps?

Y	N
---	---

Ques:4.1 If yes, what are the reasons for your satisfaction?

Ques:5 Do you think, you are getting better quality products than before?

Y	N
---	---

Ques:5.1 If Yes, explain why?

Ques:6 Is there variation between season in the consumption of goods?

Y	N
---	---

Ques:6.1 If yes, how?

Ques:7.1 Which are the months of high consumptions?

Ques:7.2 Which are the months of Medium consumptions?

Ques:7.3 Which are the months of Low consumptions?

Ques:7.4 Which are the months of No consumptions?

Annex: 2 - Retail Outlet Questionnaire- Alternative Distribution Coverage

Ques 1 Name of Shop (If any) _____

Ques 2 Type of outlet/Shop

Pucca	Tin Shed	Thached
-------	----------	---------

Ques 3 Name of Repondent:

Ques 4 Village _____

Union

Ques 5 _____

Ques 6 No. of employees:

Male	Female

Ques 7 Secondary Occupation

Rickshaw	Rickshaw Van- Shared	Tempo	Other

Ques 8 Mode of Transportation from/to the village

Ques 9 Conveyance/ Fare from place of collection of goods

Ques Who are the buyer of your shop?

Ques Do the customers ask by brand name?

Ques To what extent can you influence their brand choice ?

KID	HW	CWE	Other Male
YES		NO	

Ques Frequency of Purchase (Retailer)

Ques Do you get delivery of your goods for your supplies for credit?

3 Days	7 Days	15 Days	1 Month
YES		NO	

Ques 5 Source of purchasing Stock

Thana HQ	Union HQ	District HQ	Project
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Ques 3 Coverage (from whom do you get your delivery)

Traditional Distributors

Alternative Distribution

Both

YES		NO	
YES		NO	
YES		NO	

Ques
17

Sales per month
Before Project
Present

Amount in Tk.

Ques
18

Income per month (In Tk.)

--

Ques
19

Profit per month (In Tk.)

--

Ques
20

Which months do you do good business ?

Ques
21

Inventory Check List
During the Project

Item	Unit	Purchase Price	MRP	Selling Price	Total Amount of Sales
Soap	40 gm				
Soap	85 gm				
Shampoo	4 ml				
Shampoo	7 ml				
Hair Oil	45 ml				
Hair Oil	100 ml				
Hair Oil	200 ml				
Tooth Powder	50 gm				
Washing Powder	35 gm				
Washing Powder	200 gm				
Washing Powder	500 gm				
Fairness Cream	9 gm				
Chanachur					
Chess Ball					
Potato Stick					
Laundry Soap					
Prickly Heat Powder	50 gm				
Fresh Gel	5 gm				

Fresh Gel	12 gm				
Tooth Brush					
Ring Chips					
Potato Crackers					
Tibet Ball Soap					
Energy Plus					
Glucose					
Tiki					
Candy					

Ques
22

Before the Project

Item	Unit	Purchase Price	MRP	Selling Price	Total Amount of Sales
Soap	40 gm				
Soap	85 gm				
Shampoo	4 ml				
Shampoo	7 ml				
Hair Oil	45 ml				
Hair Oil	100 ml				
Hair Oil	200 ml				
Tooth Powder	50 gm				
Washing Powder	35 gm				
Washing Powder	200 gm				
Washing Powder	500 gm				
Fairness Cream	9 gm				
Chanachur					
Chess Ball					
Potato Stick					
Laundry Soap					
Prickly Heat Powder	50 gm				
Fresh Gel	5 gm				
Fresh Gel	12 gm				
Tooth Brush					
Ring Chips					
Potato Crackers					
Tibet Ball Soap					
Energy Plus					
Glucose					

Tiki					
Candy					

Ques
23

Time Spent for:
Procurement of goods
Maintaining shop

	Before Project	During Project
Hours/Week		
Hours/Week		

Ques
24

Can you give any example of change of brand of your goods in response to your customer's choice?

Annex: 3 -Retail Outlet Questionnaire- Traditional Distribution Coverage

Ques 1 Name of Shop (If any) _____

Ques 2 Type of outlet/Shop

Pucca	Tin Shed	Thached
-------	----------	---------

Ques 3 Name of Repondent:

Village

Ques 4 _____

Union

Ques 5 _____

Ques 6 No. of employees:

Male	Female

Ques 7 Secondary Occupation

	Rickshaw Van- Shared	Tempo	Other
Rickshaw			

Ques 8 Mode of Transportation from/to the village

Ques 9 Conveyance/ Fare from place of collection of goods

Ques 10 Who are the buyer of your shop?

Ques 11 Do the customers ask by brand name?

Ques 12 To what extent can you influence their brand choice ?

KID	HW	CWE	Other Male
YES		NO	

Ques 13 Frequency of Purchase (Retailer)

Ques 14 Do you get delivery of your goods for your supplies for credit?

3 Days	7 Days	15 Days	1 Month
YES		NO	

Ques 15 Source of purchasing Stock

Thana HQ	Union HQ	District HQ	Project
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Ques 16 Coverage (from whom do you get your delivery)
Traditional Distributors

YES		NO	
-----	--	----	--

Alternative Distribution
Both

YES		NO	
YES		NO	

Ques
17

Sales per month
Before Project
Present

Amount in Tk.

Ques
18

Income per month (In Tk.)

--

Ques
19

Profit per month (In Tk.)

--

Ques
20

Which months do you do good business ?

Ques
21

Item	Unit	Purchase Price	MRP	Selling Price	Total Amount of Sales
Soap	40 gm				
Soap	85 gm				
Shampoo	4 ml				
Shampoo	7 ml				
Hair Oil	45 ml				
Hair Oil	100 ml				
Hair Oil	200 ml				
Tooth Powder	50 gm				
Washing Powder	35 gm				
Washing Powder	200 gm				
Washing Powder	500 gm				
Fairness Cream	9 gm				
Chanachur					
Chess Ball					
Potato Stick					
Laundry Soap					
Prickly Heat Powder	50 gm				
Fresh Gel	5 gm				
Fresh Gel	12 gm				

Tooth Brush					
Ring Chips					
Potato Crackers					
Tibet Ball Soap					
Energy Plus					
Glucose					
Tiki					
Candy					

Ques
22

Time Spent for:
Procurement of goods
Maintaining shop

	(Before Project)	(During Project)
Hours/Week		
Hours/Week		

Ques
23

Can you give any example of change of brand of your goods in response to your customer's choice?